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Top News - Oil

China's January-February refinery output up 2.1% on holiday travel, new refinery

China's crude oil throughput in January and February rose 2.1% versus a year earlier, official data showed, supported by a new refinery and holiday travel, but weak refining margins persisted.

Total refinery throughput in the world's second-largest oil consumer was 119.17 million metric tons, or about 14.74 million barrels per day, according to data from the National Bureau of Statistics.

China combines data for January and February into one release to smooth out the impact of the Lunar New Year holidays, which fall in either of these months each year.

China, the world's second-largest refiner, posted a rare annual throughput drop in 2024 as rapid vehicle electrification and flagging economic growth weighed on fuel demand.

In the first two months of this year, independent refiners in refining hub Shandong known as teapots curbed production to just over half of their capacity, as they faced higher crude oil costs due to tougher U.S. sanctions on Russian and Iranian oil exports.

However, Reuters calculations using year-earlier published data showed the refinery throughput inched up 0.3%, indicating the statistics agency has revised down year-earlier figures. Holiday travel during the week-long Lunar New Year break helped lift use of gasoline and jet fuel, but diesel fuel stayed under pressure from a protracted property sector downturn. Refining giant Sinopec in February raised throughput due to holiday travel and to compensate for production cuts at independents, Reuters has reported.

Also supporting output was the newly launched Shandong Yulong Petrochemical refinery, which since last November has operated its first 200,000-bpd crude processing unit at around 90% of capacity after its start-up two months earlier.

The refinery is expected to launch its second 200,000-bpd crude facility this month. "Reduced runs from the teapot sector are likely to keep state-owned and mega-independent plants' runs supported in the coming months even amid the state-owned maintenance season," said Ye Lin, Beijing-based analyst with Rystad Energy.

Meanwhile, the statistics bureau data showed that China's January-February domestic crude oil production dipped 0.2% on year to 35.04 million metric tons, or 4.34 million bpd. Natural gas output gained 3.7% in January-February over the same year-earlier level to 43.3 billion cubic meters.

COLUMN-China made rare draw on crude oil inventories amid weak imports: Russell

China dipped slightly into crude stockpiles in the first two months of the year as refiners processed more oil and imports remained weak.

It was the first time in 18 months that refinery throughput exceeded the amount of crude available from imports and domestic production.

Refiners processed about 30,000 barrels per day more in the January-February period than the total of crude available, according to calculations based on official data.

China does not disclose the volumes of crude flowing into or out of strategic and commercial stockpiles, but an estimate can be made by deducting the amount of oil processed from the total of crude available from imports and domestic output.

Refiners processed the equivalent of 14.74 million bpd in the first two months of the year, up 2.1% from the same period a year earlier, according to data released on Monday by the National Bureau of Statistics.

China combines import data for January and February to smooth out the impact of the week-long Lunar New Year holiday, the timing for which changes each year.

China, the world's biggest crude importer, saw arrivals of 10.37 million bpd in the first two months of the year, and domestic production of 4.34 million bpd.

The combined total of 14.71 million bpd was 30,000 bpd below the volume processed, the first time since September 2023 that processing exceeded available crude.

Given that it's a relatively rare occurrence for refiners to process more crude than the total of imports and domestic output, it's worth asking why this was the case for the first two months of 2025.

The main reason is that crude imports were weak in the first two months, dropping 5% from the same period in 2024.

There were likely two main factors behind the decline in imports, the first being that refiners cut back on cargoes from Russia after outgoing U.S. President Joe Biden imposed new sanctions in mid-January on tankers carrying Russian crude.

But it's also worth noting that refiners didn't appear to make much effort to replace Russian oil with cargoes from other suppliers, and the most likely reason for that was the strength of global crude prices in January and February.

Benchmark Brent futures reached their highest point so far this year of $82.63 a barrel on Jan. 15, having risen steadily from levels around $70 at the start of December.

PRICE PULLBACK

China's refiners have a track record of paring imports when they believe oil prices have risen too high, or too quickly.

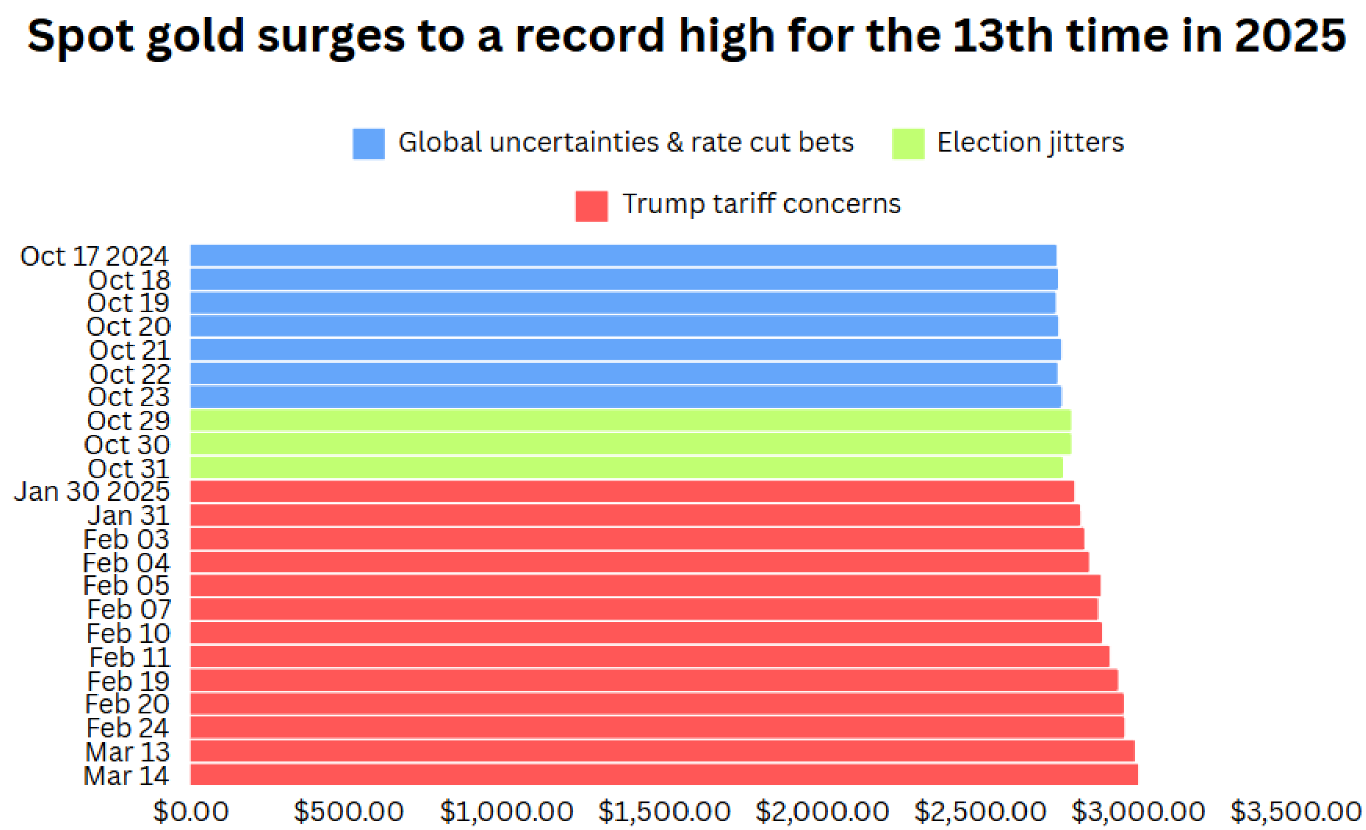
The last time they dipped into inventories in September 2023 came after crude prices had rallied strongly from around $72 a barrel in June of that year to reach a 10-

month high of $96.26 on Sept. 29, 2023.
Crude prices have been retreating since their high in January this year, with Brent trading around $71.00 a barrel in Asian trade on Monday.
The decline in prices may be enough to encourage refiners to buy more crude, but this will likely only show up in imports from April onwards given the lag between when oil is ordered and physically delivered.
On the refinery processing side of the equation, it's worth noting that while throughput rose 2.1% in the first two months of the year from the same period in 2024, it was still well short of what used to be normal levels.
China's refinery processing fell in 2024 for the first year in more than two decades, dropping to 14.13 million bpd.
The recovery to 14.74 million bpd in the January-February period is modest, especially when viewed against the period from August 2023 through to March 2024, when processing volumes regularly exceeded 15 million bpd. Refinery processing was also likely boosted by increased gasoline demand for the Lunar New Year holidays, and by the start up of a 200,000 bpd unit at the new Shandong Yulong Petrochemical refinery.
The views expressed here are those of the author, a columnist for Reuters.

Top News - Agriculture

FOCUS-China access for hundreds of US meat exporters in doubt as Trump 1.0 deal nears end
Hundreds of U.S. meat plants granted access to China in a 2020 "Phase 1" trade deal with President Donald Trump are set to lose export eligibility on Sunday, threatening roughly $5 billion in trade to the world's largest meat market amid a renewed trade war.
Losing access to China would deal a fresh blow to American farmers after Beijing earlier this month imposed retaliatory tariffs on some $21 billion worth of American agricultural goods, including 10% duties on U.S. pork, beef and dairy imports. Beijing requires food exporters to register with customs to sell in China. Registrations for almost 1,000 beef, pork and poultry plants, including some owned by Tyson Foods and Cargill Inc, are set to expire on Sunday, according to U.S. Department of Agriculture (USDA) records and Chinese customs data.
That's roughly two-thirds of all those registered.
The companies declined to comment or did not respond to Reuters questions.
China has not responded to repeated requests from U.S. agencies to renew plant registrations, the USDA said in a report last week, potentially violating an obligation under the Phase 1 deal. Registrations for some 84 plants lapsed in February and while shipments from affected plants continue to clear customs, the industry doesn't know for

Chart of the Day



*Graphic depicts spot gold reaching record highs from October 2024 to the present, driven by global uncertainty, rate cut bets, election jitters, and Trump tariff concerns.

how long China will allow imports.
"The risk involved in shipping product with a looming expiration date is high," Joe Schuele, spokesperson for the U.S. Meat Export Federation told Reuters. "The situation is certainly dire if [registrations for] these plants are not renewed. The situation has the attention of every exporter." The USDA has made the expirations a priority issue in discussions with Beijing, Schuele added.
Shanghai port has also imposed stricter inspections and documentation for U.S. meat cargoes, the Federation told members in a bulletin seen by Reuters, with some containers subject to full unpacking and inspection, raising processing time and additional fees.
To be sure, there are no signs to suggest that Beijing is imposing a blanket ban. Several hundred plants have had their registrations renewed until 2028 or 2029, according to a senior diplomat based in Beijing. The U.S. was China's third largest meat supplier last year after Brazil and Argentina, accounting for 590,000 tons or 9% of total imports.
The USDA and the Office of the U.S. Trade Representative did not respond to questions from Reuters on Thursday. China's Commerce Ministry and customs department did not respond to faxed questions.
China's foreign ministry redirected questions to other agencies without naming any.
The "Phase 1" trade deal, signed in 2020, ended the first U.S.-China trade war with a pledge from Beijing to boost its purchases of U.S. goods and services, including meat, by $200 billion over two years. China didn’t reach the target, which was agreed shortly before the pandemic hit.
That year, 1,124 beef, poultry and pork processing plants or logistic facilities were registered with Chinese customs for export, according to USDA, gaining access to the world's largest meat importer. There are 1,842 facilities certified today, but slightly less than half will remain if Sunday's batch of registrations lapse.
China is obligated under the Phase 1 deal to revise its approved plant list within 20 days of receiving updated lists from USDA's Food Safety and Inspection Service, according to the Meat Institute, an industry group for U.S. meat processors. It is unclear whether the current delays constitute a violation of the deal. The potential impact from lapsed licenses could total up to $4.13 billion for the beef industry and $1.3 billion for pork, the U.S. Meat Export Federation said in a daily bulletin.
Loss of access to China would be an especially hard blow for exporters of parts like chicken feet and pork offal, which are consumed less domestically.

Brazil domestic corn prices rise on low initial inventories, strong demand
Brazilian corn prices closed up by around 2% this week, hitting close to 90 reais ($15.68) per 60-kilogram bag in the region of Campinas, according to the widely followed Cepea indicator on Friday.
This is the highest nominal level since April 2022.
The increase for the month is almost 3%, while for the year corn prices were up 23.64%, according to the data, which is calculated by the University of Sao Paulo.
The increase in the price of corn, used as animal feed and for producing ethanol, comes amid strong demand and low initial inventories for the 2024/25 harvest following a smaller corn output last year, Cepea data showed. "In the domestic spot market, buyers remained active," Cepea analysts said. "[But] they are faced with higher prices asked by sellers and logistical bottlenecks."
Brazil's total corn production is expected to increase this year by 6.1%, to 122.76 million tons, according to data from national crop agency Conab.
Brazil plants three corn crops annually. The largest harvest is the second of the three, which accounts for about 75% of national output in a given year.
The first corn crop is currently being harvested, and production is expected to reach 24.85 million tons. The second harvest will only be ready by mid-year.

Top News - Metals

China January, February crude steel output falls despite better margins
China's crude steel output in the first two months of 2025 slid 1.5% from a year earlier, official data showed, despite better margins and stronger exports.
The world's largest steel producer manufactured 166.3 million metric tons of crude steel between January and February, the National Bureau of Statistics said.
The annual decline defied expectations of some analysts who had forecast a year-on-year rise, citing higher exports.
Steel exports rose 6.7% over the first two months from a year earlier to 16.97 million tons, customs data showed last week, partly because steelmakers rushed shipments to beat the risk of a global trade war after U.S. President Donald Trump took office in January. The total output in January and February is equivalent to an average daily output of about 2.82 million tons, 0.7% higher than 2.8 million tons a day in the same period last year, according to Reuters calculations based on the official data.
That was also higher than 2.45 million tons a day.
China combines import data for January and February every year to smooth out the impact of the week-long Lunar New Year, China's biggest holiday.
The World Steel Association said last month in its report that China's output in January slid by 5.6% year-on-year to 81.9 million tons. China's steel output in March is expected to rise as mills ramp up production due to strong margins, said analysts.
Around half of the steelmakers in a weekly survey by consultancy Mysteel were operating at a profit at end-February, versus only about a fifth for the same period in 2024. Analysts also noted that some mills were trying to seize more orders as a global trade war was clouding the demand outlook in the months ahead, threatening steel prices.

FOCUS-Trump-driven turbulence draws new investors into gold
Investors seeking shelter from political and economic volatility triggered by the new U.S. administration are increasingly moving into gold Exchange-Traded Funds,

adding momentum to the market's record rally.
Since U.S. President Donald Trump took office in January, his radical policy shift, including trade tariffs, comments he aims to annex Greenland and his unconventional approach to diplomacy to try to end the war in Ukraine have driven gold prices to successive records.
Initially an influx into gold exchange-traded funds, or baskets of securities that trade like a stock, was dominated by European investors, but analysts say the policy upheaval has begun to tempt even U.S. investors who historically have favoured equities.
On Friday, gold hit its latest record, at $3,004.86 an ounce, a gain of 14% since the start of 2025, following 27% growth in 2024.
Gold holdings in Europe-listed exchange-traded funds, meanwhile, SGLN, 4GLD, SGLP have increased by 46.7 metric tons, a rise of 3.6%, to 1,334.3 tons since the start of 2025, a contrast to the 2021-2024 period that was marked by big outflows, according to the World Gold Council (WGC).
Further inflows could provide support as the market moves further into overbought territory.
"Investors, such as real money managers, especially those located in the West needed a growth and stock market scare big enough to persuade them back into gold. That is what we are seeing," said Ole Hansen, head of commodity strategy at Saxo Bank.
"Since 2022 when the Federal Reserve began its rate-hiking cycle, these investors left gold... but with the other markets now showing signs of suffering and the potential for even lower funding rates in the future, they have returned."
U.S. retail investors have become wary of stock markets after Monday's sell-off when the benchmark S&P 500 index registered its biggest drop this year. Analysts say that adds to demand for gold as a refuge from turbulence.
"In the U.S., some investors may be less concerned despite similar global risks, possibly due to stronger confidence in the domestic economy," Alexander Zumpfe, a precious metals trader at Heraeus Metals.
"However, recent inflows into North American gold ETFs indicate that interest in gold as a hedge is also growing in the U.S."
In the United States, gold holdings in ETFs have climbed 68.1 tons, a gain of 4.3%, to 1,649.8 tons IAU, GLD, GLDM so far this year.

EQUITIES' LOSS COULD BE GOLD'S GAIN
Saxo's Hansen said Trump's policies have triggered a retreat from U.S. stocks, which for years attracted large amounts of investor cash, and that gold could be a beneficiary, at least in the short term.
Apart from the investor-led flow into exchange-traded funds, retail investors the world over are hungry for exposure to gold.
The number of people buying gold for the first time on BullionVault's online market jumped in February to the highest since May 2021, said Adrian Ash, head of research at London-based BullionVault.
Gold investor demand at BullionVault exceeded customer profit-taking by 0.2 tonnes, the highest since June 2023, Ash said.
While supportive of the market, however, even all this may not drive the gold price higher, analysts say, given the signs the market is overbought. To stay above the $3,000 per ounce mark, gold would need to see retail bar and coin demand in Europe and North America to step up further and/or central bank buying intensify, said John Reade, senior market strategist at WGC.
So far, only demand for physical gold bars and coins is rising in Germany this year after a slump of recent years.

MARKET MONITOR as of 07:35 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	$67.70 / bbl	0.77%	-5.61%
NYMEX RBOB Gasoline	$2.17 / gallon	0.96%	8.07%
ICE Gas Oil	$657.25 / tonne	1.86%	-5.47%
NYMEX Natural Gas	$4.18 / mmBtu	1.80%	15.00%
Spot Gold	$2,985.27 / ounce	0.03%	13.78%
TRPC coal API 2 / Mar, 25	$95.7 / tonne	-0.57%	-15.31%
Carbon ECX EUA	€70.67 / tonne	-0.45%	-3.19%
Dutch gas day-ahead (Pre. close)	€42.20 / Mwh	2.80%	-13.08%
CBOT Corn	$4.71 / bushel	2.78%	1.18%
CBOT Wheat	$5.82 / bushel	4.40%	3.38%
Malaysia Palm Oil (3M)	RM4,398 / tonne	-3.89%	-1.12%
Index	**Close 14 Mar**	**Change**	**YTD**
Thomson Reuters/Jefferies CRB	367.10	-0.10%	2.89%
Rogers International	28.68	-0.81%	-1.81%
U.S. Stocks - Dow	41,488.19	1.65%	-2.48%
U.S. Dollar Index	103.78	0.06%	-4.34%
U.S. Bond Index (DJ)	443.55	-0.04%	1.72%

Top News - Carbon & Power

China power generation dips in Jan, Feb for only third time since the 1990s

Thermal power generation in China, fuelled mainly by coal, fell at the beginning of the year, down in both January and February, official data showed, one of only a handful of times it has declined during that period in more than two decades.

China's power generation dipped by 1.3% to 1.49 trillion kilowatt-hours in the first two months of the year, according to data from the National Bureau of Statistics.

Outside of 2020, at the start of COVID-19, and 2009 - following the global financial crisis - this was the first time power demand has fallen since at least 1998.

An unseasonably warm winter has weighed on demand. Last year was China's warmest since comparable records began more than six decades ago, according to meteorological data.

China's mostly coal-powered thermal power generation led the decline, falling 5.8% in January and February, to 1.02 trillion kilowatt-hours.

Natural gas-fired power plants also contribute a small portion to thermal power generation. The data is combined for both months to smooth out the effects of the Lunar New Year. Hydropower, China's second-largest power source, rose 4.5% to 146.1 billion kWh, while solar and wind power generation grew 27% and 10%, respectively, during the period.

Renewable generation may have increased by more than the data suggests, however, as the NBS reports omit a portion of generation from China's small-scale renewables, such as distributed solar.

The NBS data showed power generation grew 6.4% in the first half of 2024, for example, but London-based think tank Ember, using data from the National Energy Administration, said that electricity output rose 7.3% in the same period.

China's thermal power generation rose 1.5% for 2024 as a whole, although that was the slowest growth rate in nine years outside of the COVID pandemic.

Coal consumption rose in line with the increase in thermal power generation, up 1.7% on the year according to an industry association.

While most of China's coal is consumed in the power sector, it is also used in industrial applications and for heating.

British steel industry calls for help with electricity prices

Britain's steel industry has called on the government to help with electricity prices that it says can be it 50% higher than those paid by European competitors.

Earlier this week, the sector was hit by a 25% tariff on exports to the U.S. that make up around 9% of the value of Britain's steel exports.

"Uncompetitive electricity prices must be addressed to ensure the steel industry can thrive, secure thousands of jobs, and safeguard national steel production as geopolitical turbulence increases," said Frank Aaskov, Director, Energy and Climate Change Policy at industry group UK Steel.

The group, which represents the country's main steel producers, has called on the government to set fixed electricity prices for the sector via a contract-for-difference.

Under the system, if wholesale electricity prices rise above a threshold called the strike price, the government would subsidise the difference, and if it fell below a certain level, the steel makers would pay back the difference.

"The strike price could be set at regular intervals to reflect changes in wholesale electricity prices and provide the steel sector with much-needed protection from price volatility," a report by consultancy Baringa, commissioned by the steel industry said.

The Baringa report said UK producers pay around 68 pounds per megawatt hour (MWh) for electricity, compared with 52 pounds/MWh in Germany and 44 pounds MWh in France.

Last month, the government launched a consultation on a strategy for the steel sector, said it sought to invest 2.5 billion pounds ($3.23 billion) and look at issues including high energy costs.

A government spokesperson said the government was "already bringing energy costs for steel closer in line with other major economies" through a package of measures to support industry.

"This fully exempts eligible firms from certain costs linked to renewable energy policies, particularly those exposed to the high cost of electricity, such as steel."

Steel UK members include British Steel, Liberty Steel and Tata Steel.

Top News - Dry Freight

China's customs denies reports it plans to slow inspections of imported coal

China's customs authorities have denied reports that they plan to go slow on inspections of imported coal, potentially leading to fewer imports.

China's General Administration of Customs said in a Weibo post on Sunday that it was aware of reports online that customs inspections would be delayed from April 1, resulting in longer clearance times.

"This information is false," the post said.

The China Coal Transportation and Distribution Association said on Friday evening that customs administrations in multiple parts of China would step up inspections of imported coal from April 1.

The association did not immediately respond to requests for comment via email and Wechat.

The group and the China Coal Industry Association last month issued a statement calling on their members to limit imports of low-quality coal and curb output to bring the oversupplied market back into balance.

US coffee industry asks Trump administration to exempt product from tariffs

The United States' National Coffee Association asked the Trump administration to exempt the product from any tariffs, saying the already adopted additional duties on Canada and Mexico could increase U.S. prices up to 50%.

In a letter seen by Reuters, NCA President and CEO Bill Murray told U.S. Trade Representative Jamieson Greer there is no alternative to imported coffee, "unlike other cases where tariffs may address unfair practices or incentivize domestic producers."

The NCA has over 200 members, including coffee importers, exporters, traders, brokers, roasters and retailers. The industry group said the sector contributes $343 billion per year to the U.S. economy, with three in four Americans being regular coffee drinkers.

The North American coffee industry is highly interconnected, with roasting, packaging and trading operations in the U.S., Canada and Mexico, so the extra U.S. tariffs have created great uncertainty.

Most types of coffee are excluded from the USMCA free trade agreement among the U.S., Mexico and Canada, so they would likely be subject to the extra duties immediately when the 25% additional U.S. tariff goes into effect.

The NCA also asked the administration to refrain from imposing any tariffs on countries that produce coffee, saying that would have "even more significant consequences." The U.S. is the world's largest importer and consumer of the beverage. Brazil is the largest supplier of coffee to the United States, which also buys large amounts from Colombia and other Central and South American countries. Talks are ongoing between some of these countries and the U.S. administration.

The potential for tariffs on South America was one factor cited by traders fueling the recent record on coffee prices, which rose over $4 per pound in the wholesale market in February.

Picture of the Day

A vintage car passes by near powerboats docked at Havana's bay during a national electrical grid collapse, in Havana, Cuba, March 16. REUTERS/Norlys Perez

(Inside Commodities is compiled by Vaishali Puthran in Bengaluru)

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